



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

**Date:** 5/25/2008

**GAIN Report Number:** PK8021

## Pakistan

### Agricultural Situation

## Pakistan Allows Private Sector Wheat Imports and Waives 10% Import Duty

**2008**

**Approved by:**

Margaret E. Thursland  
Agricultural Counselor  
U.S. Embassy Islamabad

**Prepared by:**

Asmat Raza  
Agricultural Specialist

---

**Report Highlights:**

On May 21, the Government of Pakistan (GOP) made two major policy decisions related to wheat trade. The private sector is now permitted to import wheat and the 10 percent import duty on wheat has been waived.

---

Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
Islamabad [PK1]  
[PK]

**Private Sector Wheat Imports Permitted and 10% Import Duty Waived**

On May 21, the GOP made two major policy decisions related to wheat trade. The private sector is now permitted to import wheat and the ten percent import duty on wheat was waived. Over the past two years, wheat imports have only been allowed through the state-owned Trading Corporation of Pakistan (TCP). Earlier this month, the GOP approved the import of 2.5 million tons of wheat to bridge the gap between supply and demand and to build strategic reserves.

Traditionally, Pakistan is a wheat importer. During the 2007/08 wheat marketing year, Pakistan imported 1.7 MMT of wheat valued at US\$ 801.5 million through the Trading Corporation of Pakistan (TCP).

**Wheat Shortages Being Reported Across the Country**

The GOP took these measures amid deep concerns that last year's wheat crisis could continue through the current marketing year. Pakistan was in the grip of a severe wheat supply and price crisis during most of the last marketing year, creating political turmoil in an election year. At present, reports of wheat shortages persist across the country as the wheat harvest is nearly complete. Pakistan expects wheat output of 21.5 million tons this year, against a target of 24 million tons. The anticipated crop is about 1 million tons lower than domestic consumption requirements.

**Wheat Crisis: Challenge for the New Government**

Rising food inflation and the persistent wheat dilemma are major challenges facing the newly elected Pakistani government. Wheat is the staple diet for most Pakistanis and its shortage can have far reaching socio-political implications. While the GOP has just made two important policy decisions to mitigate the situation, the effect of these measures on market dynamics is uncertain.

**OTHER RELEVANT REPORTS**

REPORT #	SUBJECT	DATE SUBMITTED
PK7034	<a href="#">Backdrop for Current Wheat Shortage</a>	12/20/2007
PK7035	<a href="#">December Wheat Situation Update</a>	12/20/2007
PK8010	<a href="#">Grain and Feed Annual 2008</a>	03/06/2008
PK8017	<a href="#">Pakistan on Uq99 High Alert</a>	05/13/2008

To reach FAS/Islamabad, email us at [AgIslamabad@usda.gov](mailto:AgIslamabad@usda.gov)